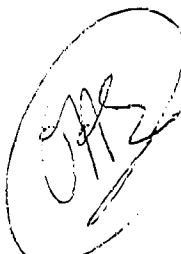


Vermont Department of Employment & Training

June 5, 2003

U.S. DOL-ETA


Joseph Stoltz
Regional Administrator
ETA
JFK Federal Building, Room E-350
Boston, MA 02203

Subject: WIA Waiver Extension

Dear Mr. ~~Stoltz~~ *Joe*:

In response to discussions with staff from the Regional and National Offices, the Vermont Department of Employment and Training would like to request an extension of its WIA waiver requests.

On January 23, 2002, in a letter from Assistant Secretary Emily DeRocco, DET was granted two waivers related to the WIA:

1. Competitive selection requirements for providers of youth services (Sec 123); and
2. Subsequent Eligible Training Provider Requirements; all student reporting requirement (Sec. 122(d)(1)(A)(I) and 20 CFR 663.535(c)(1))

The fundamental rationale for the waivers, as embraced by the HRIC, is that in rural Vermont there are simply not enough service providers to make competitive bidding for most youth services cost efficient. Likewise, there are not enough eligible training providers for adult services that feel setting up a WIA data collection system for all students is worth the expense.

An equally important rationale and one that the HRIC fully endorses is that to parcel out precious dollars in a competitive bidding process for services that are already being provided through the 1-stop system is not cost effective and will further erode the 1-stop infrastructure. While DET's youth performance has been less than adequate in a few areas during the past two program years, it is being addressed in a number of ways, all of which we feel will lead to improved performance in the future.



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Joseph Stoltz
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June 5, 2003

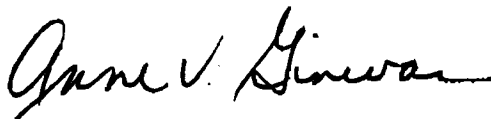
The Administration and the House have recognized these problem areas in the WIA reauthorization process and while we prefer the Administration's position, both its White Paper and the House bill have effectively dealt with both issues.

The duration of the current waivers is eighteen months, from January 1, 2002 through June 30, 2003. The June 30th end date was to correspond with the reauthorization of WIA.

Despite the fact that the House has passed a reauthorization bill, it is clear that WIA will not be reauthorized by June 30, 2003. In fact, there are many indications that it will not be reauthorized this year. While incremental extensions beyond June 30th would be helpful, it would not present an optimal situation for program operation and planning. To that end, our request is to extend the deadline for the current waivers through PY 2003 (July 1, 2003 through June 30, 2004) or until a WIA reauthorization bill is signed into law.

If you have any questions, please contact Bill Cormany or me and thank you for your help on this important and urgent issue.

Sincerely,



Anne V. Ginevan, Ph.D.
Commissioner

AVG:lc



JAN 23 2002

The Honorable Howard Dean, M.D.
Governor of Vermont
Montpelier, Vermont 05609

Dear Governor Dean:

It is with pleasure that I respond to your request for waivers of various statutory and regulatory requirements under the Workforce Investment Act (WIA) pursuant to the Secretary's authority to waive certain requirements of WIA Title I, subtitles B and E and sections 8-10 of the Wagner-Peyser Act. This authority is granted to the Secretary by section 189(i)(4)(A) of the Workforce Investment Act (WIA or the Act), and in the implementing regulations at 20 CFR 661.420.

These waivers grant states flexibility in program design for seamless program delivery and improved customer service, in exchange for accountability and agreed-to programmatic outcomes. We hope that these changes will assist your state in meeting its workforce needs and improving programmatic outcomes statewide and at the local level.

We appreciate the state's patience and cooperation in working with our Boston Regional Office to provide supplemental information on the waiver submissions, so that an informed decision could be made on the state's requests. After discussions with state staff and review of the additional information provided by the Vermont Department of Employment and Training with regard to the initial requests for waivers, we are pleased to be able to respond positively to your requests. The following is the disposition for each of the state's waiver submissions.

Waiver 1: Competitive selection requirements for providers of youth services (Sec.123)

The state's request to waive the section 123 requirement to competitively select providers of the three youth program elements identified by the state is granted. The waiver applies to the selection of providers for the youth elements under the following sections: section 129(c)(2)(D) paid and unpaid work experience, including internships and job shadowing, as appropriate; section 129(c)(2)(G) supportive services; and section 129(c)(2)(I) follow-up services for not less than 12 months after the completion of participation, as appropriate. This waiver does not apply to the selection of providers of summer youth employment opportunities [section 129(c)(2)(C)], which is governed by 20 CFR 664.610. Also, this waiver does not cover the remaining elements at WIA section 129(c)(2), and Vermont must continue to competitively select providers of these services, in accordance with section 123.

In order to provide the state with the opportunity to implement and move toward achieving its goals under this waiver at this point in the current Program Year (PY), the state's request is being granted pursuant to the Secretary's continuing waiver authority for an initial period of 18 months. The duration of this waiver will be January 1, 2002, through June 30, 2003. Additionally, the Regional Office will provide information on models for building and strengthening partnerships to assist the state's implementation of the granted waiver.



A Proud Member of America's Workforce Network

Waiver 2: Subsequent Eligible Training Provider (ETP) Requirements; All student reporting requirement [WIA Sec. 122(d)(1)(A)(i) and 20 CFR 663.535(c)(1)]

Based on the state's current request (copy enclosed), we are not approving the request to waive the "all student" reporting requirement for subsequent eligibility at WIA section 122(d)(1)(A)(i) and 20 CFR 663.535(c)(1) at this time. This particular requirement is subsumed in the broader policy determination with regard to the overall eligible training provider impediments to full implementation of the states' five-year strategic plans, as identified by the WIA Readiness Workgroups. Pending the national resolution of these issues, we are not prepared to waive such a critical component of the WIA key principles of increased accountability and customer choice.


Although we are not now prepared to waive this particular provision, we believe that there is some confusion in the field on what potential providers must do to meet this requirement. We are, therefore, under separate cover, providing your WIA state liaison with some clarification on this issue, including some alternative options to satisfy this requirement, which may not require a waiver. Additionally, we wish to assist the state in addressing the issue of declining eligible training providers, which directly impacts on customer choice in accessing training services, one of the key reform principles of WIA.

Accordingly, the state is granted a waiver of the 18-month requirement at 20 CFR 663.530(c) for subsequent eligibility through June 30, 2003. The waiver approval is contingent on the state providing a plan for developing a workable subsequent eligibility process, including a time line, for coming into compliance with the subsequent eligibility requirements at WIA section 122. The effect of this waiver is to extend the period of initial eligibility of providers through PY 2002.

The granted waivers are incorporated by reference into the state's WIA Grant Agreement, as provided for under paragraph 3 of the executed Agreement, and also constitute a modification of Vermont's approved five-year Strategic Plan. A letter is being sent to your WIA state liaison, which supplements this notification letter and spells out the terms and conditions that apply to the granted waivers. A copy of each letter should be filed with the state's WIA Grant Agreement and the state's approved five-year Plan, as appropriate.

We look forward to enabling you to achieve better workforce development outcomes and improve the lives of many Vermont residents. We are prepared to entertain other state and local-level waiver requests that Vermont may wish to submit, consistent with the provisions of the Act and regulations.

Sincerely,



Emily Stover DeRecco
Assistant Secretary

Enclosure

HOWARD DEAN, M.D.
Governor



State of Vermont
OFFICE OF THE GOVERNOR
Montpelier 05609

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April 19, 2001

Robert Semler
Regional Administrator
Employment and Training Administration
John F. Kennedy Federal Building - Room E-350
Boston, MA 02203

Dear Mr. Semler:

Enclosed please find a request to waive a requirement related to the Workforce Investment Act's eligible training provider provisions.

The provision in question, which requires training providers to gather information on all students, initially appeared to be a good way to enhance accountability and allow for more informed customer choice. However, the requirement has resulted in limiting customer choice because training providers are unwilling to participate in the program. As a consequence, Vermont's efforts to establish a viable, customer oriented workforce development system have been severely restricted.

Vermont is a rural state with a thinly distributed population in most regions. Often, training providers will enroll only small numbers of WIA trainees giving the providers little incentive to set up a WIA specific information gathering system for all students. However, in Vermont there are other ways by which to gain valuable training provider information. For example, in each of Vermont's twelve one-stop Career Resource Centers there are trained staff who have intimate knowledge of the various training providers. These one-stop counselors regularly provide valuable training information to customers. To complement this service, the wage record and WIA reporting systems would provide the required information for WIA funded participants.

This waiver request highlights the need to allow for more state autonomy in establishing workforce development systems and underscores the dictum that one size does not fit all. Therefore, I appreciate the opportunity afforded by the Act and the Department of Labor to make this waiver application.

Thank you for your consideration of this important request.

Sincerely,

Howard Dean, MD
Governor

Handwritten notes:
Helly
clerk
B.D.
FYI
AS: Our
waiver
coordinator

WAIVER REQUEST TO THE SECRETARY OF LABOR

Identification of Eligible Providers of Training Services

The Problem

Vermont is currently experiencing a serious problem in its ability to provide services to participants in need of skill upgrades through use of the Eligible Provider provisions of the Workforce Investment Act (WIA). This has resulted in negating two key reform principles: 1) empowering individuals, and 2) increasing the accountability of training providers.

The problem stems from the fact that Vermont has a relatively small population located over a relatively large geographical area. This demographic exemplifies the "rural nature" of the state, but has dramatically hindered its ability to establish a viable eligible provider training system.

Section 122 of WIA provides prescriptive criteria for training providers relating to eligibility (a,b,c), performance and cost information (d), local identification (e), enforcement (f), appeal (g), on-the-job training or customized training exception (h), and administration (i). This waiver relates to a provision in the performance and cost information section.

The provision in question centers on performance information that applies to postsecondary educational institutions, Registered Apprenticeship programs, and other public or private providers of training services. When a training provider meets certain criteria, it is placed on a "list of providers" by the workforce investment board. The list is distributed through the 1-stop system. Once placed on the "list" an institution or entity is entitled to receive federal WIA training dollars from individuals through voucher like, Individual Training Accounts.

To be put on the "list of providers" an institution or entity must meet rigorous, verifiable performance requirements based on:

A (section 122 (d)(1)(A)(i))

- Program completion rates for all individuals participating in the program conducted by the provider;
- Percentage of all individuals participating in the program who obtained unsubsidized employment; and
- Wages at the time the individual is placed in employment.

In addition to this program information, the provider must submit training service information for WIA participants that include:

B (section 122 (d)(1)(A)(ii))

- Placement rate in unsubsidized employment of participants who completed the program;
- Retention rates in unsubsidized employment of participants who completed the program six months after the first day of employment;
- Wages received by participants who have completed the applicable program six months after the first day of employment;
- Rates of licensure or certification, attainment of academic degrees or equivalents or attainment of other measures of skills of the graduates of the program; and
- Information on program cost, such as tuition or fees, for participants in the program.

The Eligible Provider/Individual Training Account provisions of WIA are designed to **empower individuals by maximizing customer choice through more informed decision making, and to make training providers more accountable for outcomes.**

While the intent of these provisions is admirable and desirable, in Vermont the program has been a failure, resulting in less customer choice through declining training provider participation in the program.

Vermont implemented WIA in July of 1999. During the first year there were approximately 80 eligible providers offering 600 programs. Currently there are 40 providers offering 100 programs; 17 of which are out of state. This has had dramatic repercussions relating to the provision of critical programs in occupations where there is a shortage of workers. For example, the Community College of Vermont and Vermont Technical College are no longer on the list of providers. This excludes twelve statewide education sites and Vermont's only technical college from providing training to WIA participants in critical labor shortage occupations such as computer and engineering technology, and nursing. The principal rationale given by providers for opting out or not opting into the program is essentially that the number of individuals involved in training does not justify setting up a costly data collection and reporting system for all students. In some cases, there are only 2 or 3 students in a training program in any given year. As a result, we anticipate a significant drop in ITA use in the next program year.

The Solution

Vermont has twelve one-stop Career Resource Centers (CRCs) strategically located for maximum access by Vermont's individuals and employers. Each CRC provides objective and comprehensive employment, occupational, educational, and financial aid counseling. These counselors have extensive expertise and comprehensive knowledge of local, regional, and state training providers. This knowledge has been established over time and after extensive experience working with individuals seeking to enhance their occupational skills and employers seeking skill enhancements and upgrades for their employees. One result of this activity is an in-depth knowledge of training provider performance and training provider customer satisfaction.

In order to stop the decline in the number of WIA eligible training providers and eliminate the prospect of a declining number of individuals taking part in the ITA program, Vermont is seeking a general waiver of the provisions in WIA section 122 (d)(1)(A)(i) which requires training providers to collect data on all of their students.

Given its charge to design and implement a viable, consolidated workforce development system, Vermont's Human Resources Investment Council (the state workforce investment board) intends to restore the principles of maximizing customer choice, facilitating informed decision making, and assuring maximum performance from training providers. To accomplish this, Vermont is proposing to:

- **Maximize customer choice** by providing eligible individuals with ITAs access to eligible training providers who have met the reporting requirements in section 122(d)(1)(A)(ii) of WIA (Box B above).
- **Facilitate informed decision making** by providing access to educational, financial aid, and employment counseling at each of Vermont's 12 one-stop Career Resource Centers statewide. This will include information related to the eligible provider list and the performance information related to WIA participants. The counselors, from both the Department of Employment and Training and the Vermont Student Assistance Corporation, have vast experience with and comprehensive knowledge of education and training institutions in their respective regions of the state. Years of experience with students have provided the counselors with knowledge regarding quality of training and student satisfaction.

- **Maintain training provider performance accountability** by providing information related to WIA participants and providing professional counseling and information to prospective trainees related to training provider performance and customer satisfaction.

By eliminating the data collection and reporting requirements for all students (Box A), Vermont will be able to maintain a customer centered ITA system, increase the number of eligible training providers, provide for maximum customer choice, facilitate informed decision making, and maintain provider accountability.

Note: A public comment period was provided during the month of March, the waiver request was put on DET's website and copies sent to all members of the HRIC (the state WIB) and its 12 affiliates around the state. This ensured review by representatives of business, organized labor, and others statewide. Only two comments were received and they read as follows:

"The Hartford Area Career and Technical Center strongly supports your application for a waiver of the WIA requirements to track all students. We do not have the capability to meet that requirement. That is exactly why we had to drop out of the eligible provider pool. We regret not being able to serve those potential students who would be depending on WIA funding to pay for their courses. Sincerely, Barry Mynter, Adult Services Coordinator-HACTC"

"Thank you for your hard work in putting together our WIA waiver request. As you are aware the Vermont Technical Centers do not have the resources necessary to utilize the WIA suggested format for becoming a service provider. The Springfield area residents would certainly benefit from this waiver because the DET funding is their only source for learning job skills necessary for them to gain or keep employment. Sincerely, George Ambrose, Vermont Technical College at the River Valley Technical Center."

HOWARD DEAN, M.D.
Governor



State of Vermont
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May 15, 2001

Robert Semler
Regional Administrator
Employment and Training Administration
John F. Kennedy Federal Building—Room E-350
Boston, MA 02203

Dear Mr. Semler:

Enclosed please find a request to waive a requirement related to youth training provisions found in title I of the Workforce Investment Act of 1998.

A central principle of the Workforce Investment Act calls for the coordination of programs and services related to workforce development to revolve around a 1-stop service-delivery system. This design provides better customer access and a more cost efficient system. However, there is an inconsistency in the Act that belies this principle when applied to youth programs.

For adult and dislocated workers in Vermont, a collaborative network of service providers has been established, which provides programs and services through a 1-stop delivery system. By contrast, in order to provide programs and services to youth, it is mandated that a competitive model be established. Not only does this present an inconsistency in the law, it sets up an adversarial environment among providers, and takes away the ability of the states to establish the most efficient, customer friendly, and cost-effective system. We would like to provide services to youth in the same manner they are provided to adults; through a collaborative network of partnerships centered on the 1-stop career center system.

This request calls for a consistent approach to system development, which will provide Vermont with the ability to establish the most effective, efficient, and accessible service delivery system for all Vermonters.

Thank you for providing the opportunity to submit this waiver application and for your consideration of this important request.

Sincerely,

A handwritten signature in dark ink, appearing to read "Howard Dean".

Howard Dean, M.D.
Governor

HD:jht

WAIVER REQUEST TO THE SECRETARY OF LABOR

Identification of Eligible Providers of Youth Activities

Background:

Subsequent to passage of the Workforce Investment Act of 1998 (WIA), the Governor and Vermont's local/state workforce investment board, the Human Resources Investment Council (HRIC), designated the Department of Employment and Training's (DET) Career Resource Centers as Vermont's One-Stop Career Centers to carry out the provisions of WIA relevant to the One-Stop system. The Governor and the HRIC made this designation for a number of reasons, not the least of which because the Career Resource Centers (CRCs) had for years characterized one of the key intents of WIA; to foster the integration, collaboration, and cooperation among multiple funding streams and service providers in the area of workforce development.

Programs and services that are now offered at the CRCs include all DOL employment and training programs, including Registered Apprenticeship, certain employment programs and services for TANF recipients supported by the TANF agency (including the food stamp employment and training program), Vocational Rehabilitation, older worker programs, the Vermont Center for Independent Living, and Job Corps. In addition, close collaboration among non-co-located service providers include adult education and literacy programs, the farmworker programs, community based organizations, mental health and drug rehabilitation centers, area technical centers and post-secondary educational institutions, and others. Within this system, the CRCs provide case management services for adults and youth that include intake; assessment; career, occupational, and financial aide counseling; coordination of education and training services; support services; and follow-up services. The formation over time of this integrated network of programs and services prompted the Governor and the HRIC to see the benefit of designating DET as the State's 1-stop provider, through the CRCs as the 1-stop hub of the new WIA workforce development system.

The Law and Regulations:

Sections 117(d)(2)(B), 117(h)(4)(B)(i), and 123 reference that eligible providers of youth activities be selected by awarding grants or contracts on a competitive basis. These activities include the "ten program elements" listed under WIA section 129(c). WIA regulations provide some exceptions to the youth provider selection process, stating that "program design components (intake, assessment, and development of the individual service strategy) and summer employment opportunities can be carried out by the grant recipient/fiscal agent, which in Vermont is DET. Since "summer employment opportunities" is one of the ten elements, the law implies that the provider of the other nine elements must be determined through a competitive process unless, as TEGL 9-00 points out, the "services are already accessible for all eligible youth in the local area" with non-WIA funds.

The Problem:

In the process of evaluating these provisions of the law and the regulations, the Vermont Council on Youth (the HRIC's youth council) determined that at least four of the ten elements (including summer employment opportunities) are currently being provided by DET through the statewide network of 1-stop centers. In addition, the Council determined that four of the elements are accessible to all WIA eligible youth through non-WIA funded programs, and that possibly two elements are not accessible on a statewide basis. **The problem centers on the three elements (other than summer employment opportunities) currently being provided to WIA eligible youth through the 1-stop CRCs, which are administered by DET, the WIA grant recipient/fiscal agent.**

The three elements in question include: paid and unpaid work experience, supportive services, and follow-up services. Currently, a WIA eligible youth can maintain a consistent case manager at the CRC while enrolled in a work experience program and receiving supportive services. Upon entering employment or other positive outcome, the youth can continue with the case manager to receive follow-up services. In order to comply with the law and regulations, Vermont would have to decouple these services from the 1-stop centers and their case managers, and send the youth to other service providers. This seems antithetical to a key principle of WIA, which attempts to create a cohesive system of programs and services centered a 1-stop career center system and unified by memorandums of understanding. **By forcing a competitive process among a unified system of program and service providers, it will tear at the fabric of Vermont's 1-stop system and has the potential of alienating providers from one another. Additionally, it would force eligible youth to move among a significantly larger number of service providers.**

In Vermont, which has a sparse population spread out over a relatively large geographical area, there is a tradition of strong collaboration. In order to effectively address Vermont's inherent problems related to economy of scale, it is imperative that program and service providers work as collaboratively as possible in order to provide, in the most cost efficient manner possible, the necessary services to Vermont's citizens. By forcing a competitive process that will not only pit one service provider against another, it will force the establishment of additional administrative entities and expenditures that currently are not necessary. In addition, the competitive mandate forces the Council on Youth to address the needs of WIA eligible youth through a mechanism the Council may or may not see as most appropriate, thereby minimizing its autonomy to establish the most effective, cost efficient system to provide services.

The Solution:

It is the intent of the Vermont HRIC's Council on Youth to develop the most effective, cost efficient, integrated network of programs and services for WIA eligible youth. To accomplish this, Vermont proposes to seek a waiver from the sections of the law and regulations cited above, which mandate that the ten elements (listed in WIA Section 129(c)) be procured through a competitive process. Instead, we propose that

the competitive process be optional as determined by the state board. This would serve the following purposes:

- Provide the HRIC's Council on Youth the autonomy to establish the most effective, cost efficient system to provide services to WIA eligible youth;
- Allow Vermont to maintain an effective, cohesive, and integrated network of service providers centered on the 1-stop system;
- Maintain an easy-to-navigate, coherent case management system for youth that requires minimal movement from service provider to service provider;
- Provide congruence with the philosophical basis of WIA—the development of a cooperative collaboration of multiple partners working together to provide seamless services to customers;
- Create the opportunity for the Council on Youth to use either sole source or competitive procurement of services, in a situation of both limited resources and limited providers, to best ensure maximum investment of available resources directly in services for youth; and
- Allow the DET 1-stop CRCs to continue to build on the model of collaborative partnerships in serving youth that was recognized with an award by the DOL Regional Office.

Note: A public comment period was provided from April 18, 2001 through April 30, 2001. The waiver request was put on DET's website and copies of the request were sent to members of Vermont's Human Resources Investment Council (the state WIA board) and members of its 12 affiliate boards around the state. These measures ensured a review by interested parties from business, organized labor, and others throughout Vermont. One comment was received electronically from the Franklin/Grand Isle Workforce Investment Board, dated April 30, 2001:

"The Franklin Grand Isle Workforce Investment Board (FGIWIB) is a consortium of stakeholders (business, education and local and state agencies) working together to identify and address workforce needs and provide opportunities for people to achieve their highest potential. The mission of the FGIWIB is to foster development of educated, skilled, lifelong learners and to have an educated workforce that meets the current and future needs of the workplace.

The goal of the WIB is to bridge the gap between the workforce of today and the one we need tomorrow. To this end we have established a regional Youth Advisory and work closely with the Department of Employment and Training Youth Programs. DET youth programs are a model of excellence and continued support of their efforts is in order.

We support the waiver request of the VT Department of Employment and Training in relation to the competitive process among youth service providers. DET provides effective, cohesive and integrated services to WIA eligible youth

through their Career Resource Center. They provide a point of collaboration for all regional youth service providers affording seamless service to our youth. This collaboration, not competition among providers and programs, is in the best interest of all Vermonters.

Sincerely,

Marilyn Savoy, Coordinator, FGIWIB"